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Suez Cement
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Press Release

SCGC reports 18.3% boost in EBITDA for Q3 2014

SCGC's Q3 2014 results at a glance

- **CONSOLIDATED REVENUES:** 1.442 MILLION EGP (973 MILLION EGP in Q3 2013)
- **RECURRING EBITDA:** 165 MILLION EGP (139 MILLION EGP in Q3 2013)
- **NET PROFIT AFTER NON-CONTROLLING INTEREST:** 52 MILLION EGP (37 MILLION EGP in Q3 2013)

Consolidated Jan-September 2014 results at a glance

- **CONSOLIDATED REVENUES:** 4.613 MILLION EGP (3.548 MILLION EGP in 2013).
- **RECURRING EBITDA:** 854 MILLION EGP (792 MILLION EGP in 2013).
- **NET PROFIT AFTER NON-CONTROLLING INTEREST:** 364 MILLION EGP (426 MILLION EGP in 2013).

Cairo – **October 29, 2014.** Today Suez Cement Group of Companies' (SCGC's) Board of Directors approved the firm's consolidated financial report for the third quarter of 2014 (January-September).

With improved market conditions, SCGC leveraged its market leadership with a strong increase in revenues (48.2% during the third quarter of the year versus the same period in 2013) and progress in earnings before interest, tax and depreciation (EBITDA) up by 18.3%, and in net profit after non-controlling interest up by 40%.

For the nine months of the year SCGC sales increased 30%, while recurring EBITDA was 7.8% higher versus 2013. But higher corporate income taxes coupled with an absence of foreign exchange gains were responsible for a 14.6% drop in net profits after non-controlling interest.

The strong gains in revenues largely reflect the cement price evolution which has been driven by an unprecedented surge in production costs and shortage of production: clinker production decreased due to severe energy shortages which impacted differently our different companies, Torah being the most affected, which resulted into costly imports of clinker in order to satisfy a growing demand. In addition energy costs (gas, mazot and power) increased 25 to 35 %. The company also decided to keep its employees harmless from the energy driven shutdowns which affected more than 40% of its industrial capacity. The implementation of energy efficiency plans and growing utilization of alternative fuels helped contain the production drop and limit the impact from clinker imports on cement costs.

The group will go ahead with the deployment of using coal among other Group plants during the next two years, mitigating the need for some importing activities.

SCGC 2014 outlook

Moving forward, SCGC believes the construction industry's recovery will attract new investment encouraged by a regained government stability and the implementation of several large national projects; all will converge to support a growing demand for cement in Egypt.

Power cuts and fuel shortages are likely to remain major issues for cement producers. Fuel and energy shortages will prolong challenges to meeting cement production targets. SCGC plans to diversify its energy mix with waste, petroleum coke and coal is underway; in September 2014 the operational test run for Coal started in one of the group plants in Kattameya, meanwhile it will be started in Suez plant by the end of this year. We anticipate this will gradually improve our manufacturing capacity utilization with a positive impact on the cost of production. The deployment of coal and petroleum coke goes hand in hand with the reduction of our plants environmental impact through the implementation of state of the art dust filter technology but also through the consolidation of our manufacturing capacity on the most efficient and less polluting lines. The recent announcement of the Torah 1 plant closure is a clear illustration of this strategy.

SCGC remains focused on investing in energy-efficient initaitives and environmentally sound programs. This includes developing alternative fuel strategies that incorporate waste-derived fuels and coal, which will shift the company's energy mix and improve its production capabilities by reducing SCGC's dependence on natural gas and mazut.

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About Suez Cement Group of Companies

With an industrial network of five production facilities in Suez, Kattameya, Tourah, Helwan and El Minya, Suez Cement Group of Companies (SCGC) is one of the largest cement producers in Egypt. The company has a long-standing history in the market, but that has not stopped it from launching new brands and products to meet changing market needs.

SCGC is home to more than 3,000 employees who participate in ongoing training and advancement programs. The group has comprehensive safety and environmental policies, which ensure employees can enjoy a safe and sustainable working environment. Communities where SCGC plants operate also benefit from the company's CSR and environmental protection activities. Furthermore, SCGC cement has made some of Egypt's most famous landmarks possible. SCGC's plans for the future involve implementing best practices in terms of serving market needs and customer demands.

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